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Governor

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS
BATON ROUGE, LOUISIANA



John Ducrest, CPA
Commissioner

PRESS RELEASE
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The Commissioner of Financial Institutions has become aware through the receipt of significant number of complaints that persons impacted by the recent hurricanes, whose mortgage payments were temporarily deferred, are now receiving demands for up to four payments at once to bring their mortgage current or otherwise face possible foreclosure. This is clearly not in the spirit of what was intended when public officials requested mortgage relief and assistance to the affected citizens. Most people believed that the deferment and other relief were permanent and that any missed payments during this grace period would simply extend the term of the loan.

However, it should be noted that mortgages are binding contracts between lenders and borrowers and each party is expected to live up the obligations contained therein. Often times the company which receives the payments (servicer) on a mortgage loan is not the ultimate owner of the loan. They are simply collecting payments and disbursing escrow payments for a fee. They are bound to charge fees and collect payments in accordance with contracts and cannot without permission of the owner of the loan, modify the agreement or terms.

I encourage borrowers to contact their lenders regarding payments near the end of any forbearance period. They should inquire as to if the company which they make payments to, is the holder of the loan or only servicing the loan. If they are the holder of the loan, they should inquire about their options available to them. If they are only servicing the loan they should ask if the holder of the loan is offering any type of modification agreement or extended deferment and if so, how to go about applying for it.

Finally, I encourage lenders to please continue to work with borrowers on alternatives other than requiring loans be brought current in one lump sum. Many of our citizens have lost income and incurred additional expense as a result of an interruption in employment, evacuation, and/or receiving damage to their houses. The complainants my staff has spoken to indicate that they fully intend to stay in their homes and pay their loans in full, however; the payment of up to four payments in one month is just not possible for most.

For more information on disaster relief or to file a complaint regarding on a mortgage company please refer to the following:

For state chartered banks, thrifts, credit unions and mortgage brokers and lenders:

The Office of Financial Institutions www.ofi.louisiana.gov (225) 925-4660

For National Banks:

The Office of the Comptroller of the Currency www.occ.treas.gov (800) 613-6743

For Federal Thrifts:

The Office of Thrift Supervision www.ots.treas.gov (800) 958-0655

The Federal Financial Institutions Examination Council issued a press release on November 30, 2005 which encourages federally insured financial institutions to consider reasonable and prudent actions that could help the critical financial needs of their customers affected by Hurricane Katrina. The following is a link to the referenced press release:

<http://www.ffiec.gov/press/pr113005.htm>

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